

CONNECTING FLIGHT SECONDS Matrix



Matrix		
Loan Amount	Max DTI %	FICO
75,000 to 350,000	50	720
		700
		680
		660
		640
350,001 to 500,000	50	720
		700
		680
		660
		640
500,001 TO \$750,000	50	720
		700
		680
		660
		640
\$750,001 TO \$850,000	50	720
		700

Owner Occupied			
CLTV			
Full Doc	Bank Stmt 1099	WVOE	P&L Only Asset Dep
90	90	85	80
90	85	80	75
85	80	75	70
80	75	70	65
70	N/A	N/A	N/A
90	85	80	75
85	80	75	70
80	75	70	65
75	65	65	60
80	80	75	70
80	75	70	65
75	65	65	60
70	60	60	55
75	75	N/A	N/A
70	70	N/A	N/A

2nd Home			
CLTV			
Full Doc	Bank Stmt 1099	WVOE	P&L Only
80	80	75	70
80	75	70	65
75	70	65	60
70	60	60	55
N/A	N/A	N/A	N/A
80	75	70	65
80	70	65	60
70	65	60	55
65	60	55	50
75	70	65	60
70	65	60	55
65	55	55	50
60	50	50	45
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

Non Owner				
CLTV				
Full Doc	Bank Stmt 1099	1099 WVOE	P&L Only	DSCR Min 1.0
80	80	75	70	80
80	75	70	65	75
75	70	65	60	70
70	60	60	55	N/A
N/A	N/A	N/A	N/A	N/A
80	75	70	65	75
80	70	65	60	70
70	65	60	55	65
65	60	55	50	N/A
75	70	65	60	70
70	65	60	55	65
65	55	55	50	55
60	50	50	45	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Combined Lien Balance					
Max Combined Lien Balance	\$2,000,000.00	\$3,000,000.00	\$3,500,000.00	\$4,000,000.00	\$5,000,000.00
Max CLTV	90%	85%	80%	75%	60%

Occupancy		Amortization Term	Minimum Loan Amount
Property Type	Fixed / Full Amortization	10yr.	\$75,000.00
		15yr.	
		20yr.	
		30yr.	
	Balloon	30/15yr.	\$200,000.00
		40/15yr.	
Non Owner	Fixed / Full Amortization	10yr.	\$75,000.00
		15yr.	

Occupancy		Amortization Term	Minimum Loan Amount
Non Owner	Fixed / Full Amortization	20yr.	\$75,000.00
		30yr.	
Occupancy		Amortization Term	Minimum Loan Amount
Non Owner	Balloon	30/15yr.	\$200,000.00
		40/15yr.	

CLTV Restrictions			
Property Type	Warrantable Condo Full Doc ≤ \$500,000 Primary		90%
	Warrantable Condo Full Doc > \$500,000 2nd Home & Investment		80%
	Warrantable Condo Full Doc > \$500,000 & All Doc Types (Primary, 2nd Home & Investment)		75%
	2-4 Units Full Doc ≤ \$500,000 Primary		85%
	2-4 Units Full Doc > \$500,000 2nd Home & Investment		80%
	2-4 Units Full Doc > \$500,000 & All Doc Types (Primary, 2nd Home & Investment)		75%
	Rural Property	Primary Only (Max. 10acres)	80%
Prior Refinance Seasoning	Any previous cash-out refinance transaction, either 1st or 2nd lien, within the prior 6 months		80%
Declining Markets	Owner Occupied / 2nd Homes		75%
	Non-Owner		70%
State Restriction Florida	Full Doc & Bank Statement: Maximum LTV		80%
	1099, P&L, WVOE, Asset Depletion: Maximum LTV		75%
	P&L Only Requires 3 Months of Supporting Bank Statements		75%

CONNECTING FLIGHT SECONDS Documentation



Documentation Options	
Full Doc 2 Years	Non QM and Agency Eligible
	Salaried: 2 years W2 and current paystub covering minimum 30 days. W2 Transcripts
	Self-Employed: 2 years tax returns, all schedules & transcripts. YTD P&L or 3 months business bank statements to support continuance of tax return income.
Full Doc 1 Year	Non QM and Agency Eligible
	Salaried: 1 year most recent W2 and current paystub covering minimum 30 days. W2 transcripts
	Self-Employed: 1 year tax returns, all schedules and transcripts. YTD P&L or 3 months business bank statements to support continuance of tax return income.
Bank Statement 12 or 24 Months	Personal & Business Combined or Business (12mo or 24mo):
	At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)
	Asset Depletion allowed with Bank Statement documentation
	Standard expense factors apply: 50% expense factor
	If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required
	PTIN is acceptable if documented as employed by 3rd party tax preparation service
	Minimum expense factor with 3rd party prepared P&L or letter is 10%
	Personal & Business Separated (12mo or 24mo):
	At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)
	Asset Depletion allowed with Bank statement documentation
P & L Only 12 Months	Self-employed (2yrs - 25% or greater ownership)
	CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period. A gap P&L covering period between end of 12 month P&L and application required when gap is greater than three (3) months.
	A letter from the CPA, CTEC or EA on their business letterhead showing address, phone number, and license number is required with the following information:
	CPA/CTEC/EA prepared or reviewed the most recent year's business tax return filing; and,
	PTIN's are not acceptable
	The business name, borrower's name, and percentage of business ownership by the borrower.
	Business License for the past 2 years
	Minimum expense factor with P&L is 10% for service business and 20% for product business (see guidelines for details)
	No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower.
	Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub.
1099 12 or 24 Months	1099 plus either: Check/check stub or bank statement showing employment deposits (10% expense factor applied, see guidelines for specifics)
	Qualifying income = 1099 gross - 10% expense factor. Current check stub or bank statement deposits must support amounts consistent with 1099 levels
WVOE	WVOE FNMA Form 1005 completed by HR, Payroll, Company Officer plus 2 mos personal bank statements supporting wages, or WVOE from online data supplier (Work Number, Experian, TRUV, etc.)
	Borrowers employed by a family owned or managed business are ineligible for WVOE documentation program

Documentation Options (Continued)				
DSCR		• Stand-alone cash-out transactions only		
		• Minimum 1.00 DSCR		
		• Qualifying DSCR ratio based on Note Rate (PITIA)		
		• Non-Permanent Resident Aliens not allowed		
		• Short-Term Rental Income accepted with 3rd party documentation of 12 months rents		
		• Long-Term Rental Income qualifies using the lower of the lease agreement or the 1007.		
		• Long-Term Rentals require lease agreement		
		• Minimum 1 Yr prepayment penalty required where allowable by state. Prepayment penalty must be in compliance with the terms and limitations of applicable state or federal law		
Asset Depletion		• Most recent 6 months asset documentation verified by: Cash-in-Bank (100%); Stocks, Bonds and/or Mutual Funds (90%); IRA, 401K and/or Retirement Accts (80%)		
		• Allowable assets divided by 60 months = qualifying income		
		• Primary Only (2nd Home & Investment ineligible)		
		• Minimum FICO 700		
		• Eligible to augment qualifying income on all doc types except DSCR or as stand-alone income		

Quick References				
Assets				
Assets		• None required on stand alone CES. Piggyback purchases require copy of assets for 1st lien.		

Credit						
Borrower Eligibility	•	US Citizen				
	•	Non-Permanent Resident Alien (with US Credit) - Not eligible for DSCR transactions				
	•	Permanent Resident Alien				
Borrower Eligible Vesting	•	Individuals	•	Tenants in Common	•	Inter Vivos Revocable Trust
	•	Joint tenants	•	Business Vesting with Entities as members only (ineligible for multiple layered LLC's)		
Borrower Ineligibility	•	Non Occupant Co-borrowers	•	Foreign Nationals		
Business Entity Business Purpose Loans Only	•	All persons with >25% interest in the business entity ("Interested Persons") must apply for the loan and meet credit requirements				
	•	Maximum of four (4) individual members/partners/shareholders. No entities as members.				
	•	Persons who sign the note or a personal guaranty must sign an Occupancy Affidavit prior to closing.				
	•	Formation and Operating documents:				
	•	Articles of Incorporation and bylaws				
	•	Certificate of Formation and Operating Agreement, or Partnership Agreement				
	•	Tax Identification Number				
	•	Certificate of Good Standing				
Calculation of Senior Lien	•	1st lien ARMS with < 3 years fixed period remaining must be qualified at fully indexed payment				
Credit Stand Alone 2nd	•	If Borrower(s) has 3 credit scores, minimum tradelines are met				
	•	3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months				
Piggy Back 2nd	•	Default to AUS Approval (If applicable), no minimum tradelines required.				
Limited Credit	•	Does not meet tradeline requirements. Available for Primary only with 0x30x12 mortgage reported on credit (No private party mortgages)				

Credit (Continued)		
Credit Scores	•	Qualifying score is the lowest of 2 scores or middle of 3 scores from the primary income earner. DSCR loans qualify using the lowest middle score of all borrowers.
	•	Non Traditional Credit ineligible
Credit Event Seasoning	•	48 Months- Foreclosure actions (NOI, NOD), short sale, deed in lieu, bankruptcy. No Multiple events in last 7 years
Derogatory Credit	•	Open charge-offs or collections < \$1,000 per occurrence are acceptable.
	•	Open Medical collections < \$1000 per occurrence ok.
Housing History	•	0x30x12 On all mortgages for all borrowers.
	•	Purchase - 12 month history consisting of mortgage reported on credit or VOR from management company. A combination of both covering 12 month is acceptable.
	•	Cash-out - 6 months current first lien reporting on credit report, OR one of the following:
	•	VOM from an institutional lender
	•	Legally inherited property supported by cancelled checks to first lien
Calculation of Senior Lien ARMs	•	1st lien ARMs with < 3 years fixed period remaining qualified on fully indexed payment
Interest Only Senior Lien	•	Interest Only Senior liens acceptable when qualified at max 50% DTI.
	•	The current I/O payment on the senior lien is used to calculate DTI
Ineligible Senior Loans	•	Loans in active forbearance or deferment are ineligible. Deferred balance from modification > 12 months may remain open.
	•	Negative Amortization
	•	Reverse Mortgages
	•	Private Party
	•	Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien
	•	Mortgages not reporting on credit report
	•	Private Party
Maximum Combined Liens	•	The maximum combined 1st and 2nd liens is based on the loan amount. See matrix for limits.
Senior Lien Documentation	•	Stand-Alone CES:
	•	Current (within 60 days) first mortgage statement showing: Principal balance, Fully amortized, Term
	•	HOA statement when applicable
	•	HOI, flood insurance (if applicable), flood cert
	•	Piggy Back 2nd: Follow 1st Lien Requirements
	•	1st mortgage approval reflecting 2nd.
	•	DU/LP Approve/Eligible, or LP Accept or Approve/Accept/Ineligible due to loan size or non-conforming 1st liens (if applicable).
	•	Purchase agreement (if applicable).
	•	HOI, flood insurance (if applicable), flood cert, HOA statement (if applicable).
	•	Closing instructions reflecting 2nd.
	•	Eligible in Texas Purchase Piggy Back 2nd only
	•	If closing concurrently with Prime 1st, must meet the guideline requirements for both products
Title Report	•	ALTA, Jr. ALTA, ALTA Lite, ALTA Short Form - Lenders Policy

Property Type		
Acreage	•	SFR with a Maximum 10 acres Max 10 acres on Rural at max 80% on Primary

Property Type (Continued)												
Appraisal requirements			• Primary Residence, Second Homes and Investment Property									
			• Full appraisal (1004, 1025, 1073)									
			• Primary Residence and Second Homes									
			• Declining markets maximum 75% CLTV on Primary/2nd Homes.									
			• Investment									
			• Declining markets maximum 70% CLTV on investor properties.									
Property Type Eligible			• SFR Max 10 Acres									
			• PUD									
			• Warrantable Condo: Full Doc with loan amount $\leq$ \$500,000 Max LTV 90% for Primary, 80% Max LTV for 2nd Home & NOO									
			• Warrantable Condo: Full Doc with loan amount $>$ \$500,000 and all other doc type Max LTV 75% for Primary, 2nd Home & NOO									
			• 2-4 Units: Full Doc with loan amount $\leq$ \$500,000 Max LTV 85% for Primary & 2nd Home, 80% Max LTV for NOO									
			• 2-4 Units: Full Doc with loan amount $>$ \$500,000 and all other doc type Max LTV 75% for Primary, 2nd Home & NOO									
Property Type Ineligible			• Rural Investor Properties & Rural 2nd Home				• Condotels			• Non-warrantable Condos		
			• Manufactured/Mobile Homes				• 5 plus-units			• Log Homes		
			• Working Farms and Hobby Farms				• Unique Properties			• Agricultural or Commercial Zoned Properties		
			• Co-ops				• Room and Board Facilities			• Adult Assisted Living/Care Facilities		
			• Mixed-Use Land				• Trust Deed-restricted properties			• Hawaii properties located in lava zones 1 and/or 2		
			• Houseboats				• Income producing properties with acreage Room and Board Facilities					
			• Multiple dwellings on single lot (1 legal ADU is acceptable on SFR)									
Rural Property			• Primary, maximum 10 acres, maximum 80% CLTV									
Title Report			• ALTA, Jr ALTA, ALTA Lite, ALTA Short Form - Lenders Policy									
Title Seasoning			• Properties owned less than six (6) months ineligible. Seasoning is not required for properties that are inherited or legally acquired through a divorce, separation, or dissolution of a domestic partnership.									
Seasoning Ownership			• Full Doc with loan amount up to \$500,000 no minimum ownership seasoning required									
			• Full Doc Greater Than \$500,000 and all other doc types minimum six months of ownership seasoning required									
											• $\leq$ 6 months seasoning since previous refinance on either 1st lien or 2nd lien max 80% CLTV	
Seasoning Property Listing			• Full Doc with loan amount up to \$500,000 may be off the market for a minimum of 120 days									
			• Full Doc Greater Than \$500,000 and all other doc types that have been on the market within six months of the note date are ineligible.									
Prior Refinance Seasoning			• Any previous cash-out refinance transaction, either 1st or 2nd lien, within the prior 6 months limits the maximum CLTV to 80%									
Power of Attorney			• Power of Attorney (POA) are not eligible									
States			• Ineligible: Texas 50a6 Equity Cash-Out & Texas Section 50(a)(4), Baltimore City Maryland, Philadelphia PA, New York, and Vermont									

Miscellaneous											
Prepayment Penalty NOO Business Purpose Only	• Prepayment penalties eligible on non-owner business purpose loans where allowed by state										
	• Minimum 1 yr prepayment penalty required on DSCR doc type where allowable by state. Prepayment penalty must be in compliance with the terms and limitations of applicable state or federal law.										
Compliance	• No Section32 or state High Cost										
	• Loans must comply with all applicable federal and state regulations										
	• Fully Documented Ability to Repay including Borrower Attestation										

Miscellaneous (Continued)		
Compliance	•	Higher-Priced Mortgage Loans(HPML) and higher Priced Covered Transactions (HPCT) are permitted subject to Compliance with all applicable regulatory requirement

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